

Regular Session, 2009

SENATE BILL NO. 21

BY SENATOR MARIONNEAUX

FUNDS/FUNDING. Constitutional amendment to increase the maximum severance tax which is allocated to parishes from \$850,000 to \$1,850,000 for FY2010-2011 and from \$1,850,000 to \$2,850,000 for FY2011-2012 and thereafter and require up to \$10 million of such severance taxes on state lands in the Atchafalaya Basin to be deposited into the Atchafalaya Basin Conservation Fund each fiscal year starting in FY2010-2011. (2/3 - CA13s1(A))

## A JOINT RESOLUTION

Proposing to amend Article VII, Section 4(D)(3) and to enact Article VII, Section 4(D)(4) of the Constitution of Louisiana, relative to the dedication of severance tax revenue; to increase the maximum amount of the proceeds from the tax collected on the severance of certain natural resources which is remitted to parish governing authorities; to require the deposit of a certain amount of the proceeds of severance taxes collected into certain funds and provide for the use of such funds; and to specify an election for submission of the proposition to electors and provide a ballot proposition.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 4(D)(3) and to add Article VII, Section 4(D)(4) of the Constitution of Louisiana, to read as follows:

§4. Income Tax; Severance Tax; Political Subdivisions

Section 4.

\* \* \*

(D)

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(3)(a) Effective July 1, 2007, one-fifth of the severance tax on all natural resources other than sulphur, lignite, or timber shall be remitted to the governing authority of the parish in which severance or production occurs. The initial maximum amount remitted to the parish in which severance or production occurs shall not exceed eight hundred fifty thousand dollars **per fiscal year. Effective for the fiscal year beginning July 1, 2010, the maximum amount remitted to the parish in which severance or production occurs shall not exceed one million eight hundred fifty thousand dollars. Effective for fiscal years beginning on and after July 1, 2011, the maximum amount remitted to the parish in which severance or production occurs shall not exceed two million eight hundred fifty thousand dollars per fiscal year. However,** the maximum amount remitted shall be increased each July first, beginning in ~~2008~~ **2012**, by an amount equal to the average annual increase in the Consumer Price Index for all urban consumers; as published by the United States Department of Labor; for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference.

**(b)(i) At least fifty percent of the excess severance tax remitted to a parish in a fiscal year shall only be used within the parish in the same manner and for the same purposes as money received by the parish from the Parish Transportation Fund or its successor.**

**(ii) The term "excess severance tax" shall mean the amount of severance tax remitted to a parish pursuant to the provisions of Paragraph (3) which is in excess of the amount of severance tax remitted to the parish for the fiscal year prior to July 1, 2010.**

**(4)(a)(i)(aa) Notwithstanding any other provision of this constitution, after deposit to the Bond Security and Redemption Fund as required in Article VII, Section 9 of this constitution, and the allocations required in this Paragraph, Paragraph (E) of this Section, and Article VII, Section 10.2 of this**

1 constitution, beginning July 1, 2010, an amount equal to fifty percent of the  
2 revenues received from severance taxes on state lands in the Atchafalaya Basin,  
3 but not to exceed ten million dollars each fiscal year, shall be deposited by the  
4 treasurer into the Atchafalaya Basin Conservation Fund hereby created as a  
5 special fund in the state treasury. The money in the fund shall be appropriated  
6 to the Department of Natural Resources to be used exclusively to fund projects  
7 contained in the state or federal Basin master plans or an annual Basin plan  
8 developed by an Atchafalaya Basin Research and Promotion Board and other  
9 such advisory or approval boards, all of which the legislature shall create and  
10 provide for by law within the Atchafalaya Basin Program, or to provide match  
11 for the Atchafalaya Basin Floodway System, Louisiana Project, all as the  
12 secretary of the Department of Natural Resources shall direct.

13 (bb) The money in the fund shall be invested by the treasurer in the  
14 same manner as money in the state general fund, and interest earnings shall be  
15 deposited in and credited to the fund. All unexpended or unencumbered money  
16 remaining in the fund at the end of the fiscal year shall remain in the fund.

17 (ii) Of the money allocated in any one fiscal year, eighty-five percent  
18 shall be used for water management, water quality, or access projects, and the  
19 remaining fifteen percent may be used to complete ongoing projects and for  
20 projects that are in accordance with the mission statement of the state master  
21 plan. However, a maximum of five percent of the money allocated in any one  
22 fiscal year may be used for the operational costs of the program or the  
23 department.

24 (b) As used in this Subparagraph, the following terms shall have the  
25 meaning ascribed to them below:

26 (i) "Access project" means construction or renovation of a boat launch  
27 or a roadway that provides access to areas of the Atchafalaya Basin, or  
28 acquisition of a maximum of fifteen hundred acres, all in compliance with the  
29 provisions of the state or federal master plans.

(ii) "Annual Basin plan" means the list of projects or stages of projects to be undertaken in any single fiscal year.

(iii) "Atchafalaya Basin" means the area located within the guide levees of the Atchafalaya Basin and those areas directly adjacent to the levees bounded on the north by U.S. Highway 190 and on the south by Morgan City, and as defined in the Atchafalaya Basin Floodway System, Louisiana Project.

(iv) "Atchafalaya Basin Floodway System, Louisiana Project" means the Atchafalaya Basin Floodway System, Louisiana Project and enacted by the 1982 Atchafalaya Basin Floodway System, U.S. Army Corps of Engineers Feasibility Study, Supplemental Appropriations Act of 1985, Public Law 99-88, as amended by the Water Resources Development Act of 1986, Public Law 99-662, the Energy and Water Development Appropriations Act of 1991, Public Law 101-514, the Energy and Water Development Appropriations Act of 1997, Public Law 104-206, the Water Resources Development Act of 2000, Public Law 106-541, and the Water Resources Development Act of 2007, Public Law 110-114.

(v) "Basin master plan" means the plan developed by the state in accordance with the federal Atchafalaya Basin Floodway System, Louisiana Project, pursuant to federal law, including the Supplemental Appropriations Act of 1985, Public Law 99-88, and the Water Resources Development Act of 1986, Public Law 99-662.

(vi) "Water management project" means any project that facilitates improvements to water quality, interior circulation, water access, or improvements to general ecosystem function by means of sediment reduction, removal, or diversion.

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Section 2. Be it further resolved that this proposed amendment shall be submitted to the electors of the state of Louisiana at the statewide election to be held on November 2, 2010.

1           Section 3. Be it further resolved that on the official ballot to be used at said election  
2           there shall be printed a proposition, upon which the electors of the state shall be permitted  
3           to vote FOR or AGAINST, to amend the Constitution of Louisiana, which proposition shall  
4           read as follows:

5                   To require parish governing authorities where severance occurs to receive  
6                   more of the proceeds of tax collected on natural resources other than sulphur,  
7                   lignite, and timber, by increasing the maximum such parish governing  
8                   authorities can receive for Fiscal Year 2010-2011 from eight hundred fifty  
9                   thousand dollars to one million eight hundred fifty thousand dollars and to  
10                  two million eight hundred fifty thousand dollars for Fiscal Year 2011-2012  
11                  and thereafter; to require at least fifty percent of the excess proceeds received  
12                  by a parish because of this constitutional amendment to be used within the  
13                  parish only in the same manner and for the same purposes as money received  
14                  by the parish from the Parish Transportation Fund; to require the deposit of  
15                  an amount of such severance taxes collected by the state, not to exceed ten  
16                  million dollars each fiscal year, to a special fund created in the state treasury  
17                  to be known as the Atchafalaya Basin Conservation Fund, in order to fund  
18                  projects contained in the state or federal Basin master plans or an annual  
19                  Basin plan developed by an Atchafalaya Basin Research and Promotion  
20                  Board and other such advisory or approval boards, all of which the  
21                  legislature must create and provide for by law within the Atchafalaya Basin  
22                  Program, or to provide match for the Atchafalaya Basin Floodway System,  
23                  Louisiana Project, all as the secretary of the Department of Natural  
24                  Resources shall direct, provided that eighty-five percent must be used for  
25                  water management, water quality, or access projects, and the remaining  
26                  fifteen percent may be used to complete ongoing projects and for projects  
27                  that are in accordance with the mission statement of the state master plan,  
28                  further provided, however, that up to five percent of the money allocated in  
29                  any one fiscal year may be used for the operational costs of the program or

- 1 the department.
- 2 (Amends Article VII, Section 4(D)(3); adds Article VII, Section 4(D)(4))

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

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### DIGEST

Present constitution provides that 1/5 of the severance tax on all natural resources other than sulphur, lignite, or timber shall be remitted to the governing authority of the parish in which severance or production occurs. The initial maximum amount remitted to the parish in which severance or production occurs cannot exceed \$850,000.

Proposed constitutional amendment increases such maximum from \$850,000 to \$1,850,000 for Fiscal Year 2010-2011 and from \$1,850,000 to \$2,850,000 for Fiscal Year 2011-2012 and thereafter.

Present constitution provides that the maximums are to be increased each July 1<sup>st</sup> beginning in 2008 by an amount equal to the average annual increase in the Consumer Price Index for all urban consumers, as published by the U.S. Dept. of Labor, for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference.

Proposed constitutional amendment retains the CPI increase provision, but starts it on July 1, 2010.

Proposed constitutional amendment provides that at least 50% of the funds received by a parish in excess of that received for FY2009-2010 (before the implementation of the new maximums in the proposed constitutional amendment) must be used in the same manner and for the same purposes as money from the Parish Transportation Fund.

Proposed constitutional amendment provides that, after the allocations of severance tax to the parishes and to the Coastal Protection and Restoration Fund have been satisfied, an amount equal to 50% of the revenues received from severance taxes collected on state lands, not to exceed \$10 million, within the Atchafalaya Basin is to be deposited into the Atchafalaya Basin Conservation Fund. The money in the fund must be appropriated to the Dept. of Natural Resources to be used exclusively to fund projects contained in the state or federal Basin master plans or an annual Basin plan developed by an Atchafalaya Basin Research and Promotion Board and such other advisory or approval boards which the legislature must create or provide for by law within the Atchafalaya Basin Program, or to provide match for the Atchafalaya Basin Floodway System, Louisiana Project, all as the secretary of the Department of Natural Resources shall direct.

Proposed constitutional amendment provides that 85% of the monies must be used for water management, water quality, or access projects within the Atchafalaya Basin, and the remaining 15% may be used to complete ongoing projects and for projects that are in accordance with the mission statement of the state master plan. A maximum of 5% of the money may be allocated for operational costs of the program or the department.

Specifies submission of the amendment to the voters at the statewide election to be held on Nov. 2, 2010.

(Amends Const. Art. VII, Section 4(D)(3); adds Const. Art. VII, Section 4(D)(4))